State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019

SENATE BILL 1091

AN ACT

AMENDING SECTION 35-144, ARIZONA REVISED STATUTES; RELATING TO STATE FISCAL PROCEDURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 35-144, Arizona Revised Statutes, is amended to read:

35-144. Budget stabilization fund; definitions
A. The budget stabilization fund is established consisting of monies transferred from the state general fund pursuant to subsection B of this section. The state treasurer shall administer the BUDGET STABILIZATION fund and invest and divest monies in the BUDGET STABILIZATION fund as provided by sections 35-313 and 35-314.02, and monies earned from investment shall be credited to the BUDGET STABILIZATION fund. Except as provided by this section:

1. Monies in the BUDGET STABILIZATION fund are exempt from the provisions of section 35-190 relating to the reversion of monies to the state general fund.

2. The monies in the fund are separate monies to be used only for the purposes of the fund.

3. An amount sufficient to pay claims certified by the state forester pursuant to section 37-1305, subsection E, paragraph 4 is continuously appropriated from the fund to the state treasurer for payment of the certified claims. Not more than ten million dollars $10,000,000 in unreimbursed claims may be outstanding from the fund at any time from the monies appropriated pursuant to this paragraph.

B. In a calendar year in which the annual growth rate exceeds the trend growth rate, the excess growth when multiplied by total general fund revenue of the fiscal year ending in the calendar year determines the amount to be appropriated by the legislature to the budget stabilization fund in the fiscal year in which the calendar year ends.

C. In a calendar year in which the annual growth rate is both less than two percent and less than the trend growth rate, the difference between the annual growth rate and the trend growth rate when multiplied by the total general fund revenue of the fiscal year ending in the calendar year determines the amount to be transferred by the legislature from the budget stabilization fund to the state general fund at the end of the fiscal year in which the calendar year ends. The transfer calculated pursuant to this subsection shall not exceed the available balance in the BUDGET STABILIZATION fund, nor shall the legislature transfer an amount that exceeds the amount sufficient to balance the STATE general fund budget.

D. The legislature shall pass a bill that contains the emergency clause if the legislature either:

1. Reduces the amount for appropriation to the budget stabilization fund under subsection B of this section.

2. Increases the amount for transfer to the state general fund under subsection C of this section.
E. The annual budget recommendations of the governor and the joint legislative budget committee shall include estimates of appropriations or transfers required under subsection B or C of this section.

F. A final determination of the amount to be appropriated to or transferred from the budget stabilization fund shall be made using personal income and price deflator estimates as reported in the second calendar quarter for the preceding calendar year. The economic estimates commission shall determine the annual growth rate, the trend growth rate and the required appropriation to or transfer from the budget stabilization fund at its first meeting following the second calendar quarter report of the United States department of commerce, but not later than June 1. The commission shall certify and report its findings to the governor, the state treasurer, the president of the senate, the speaker of the house of representatives and the joint legislative budget committee.

G. The appropriation calculated pursuant to subsection B of this section may be included in the general appropriation APPROPRIATIONS bill for that fiscal year. Any additional appropriation calculated pursuant to subsection F of this section shall be made by a separate act.

H. At the end of a fiscal year, the budget stabilization fund balance shall not exceed 5.634 percent for fiscal year 1997-1998, 6.333 percent for fiscal year 1998-1999 and seven percent for fiscal year 1999-2000 and each subsequent fiscal year TEN PERCENT of STATE general fund revenue for each fiscal year. Any surplus monies above the allowable percentages TEN PERCENT shall be transferred by the state treasurer to the state general fund.

I. The state treasurer may temporarily divest monies in the budget stabilization fund to avoid a negative cash balance in operating monies. The amount divested shall not exceed the amount required to meet immediate cash needs. The state treasurer may divest monies in the budget stabilization fund only when the STATE general fund has a negative cash balance.

J. For the purposes of this section:

1. "Adjusted personal income" means personal income minus transfer payments, as reported by the United States department of commerce, bureau of economic analysis, or its successor agency.

2. "Annual growth rate" means the percentage change in real adjusted personal income in the calendar year ending during a fiscal year as compared to real adjusted personal income for the preceding calendar year. The annual growth rate shall be rounded to the nearest one-hundredth of one percent.

3. "GDP price deflator" means the gross domestic product price deflator reported by the United States department of commerce, bureau of economic analysis, or its successor agency.
4. "Personal income" means the total personal income of all persons in this state reported by the United States department of commerce, bureau of economic analysis, or its successor agency.

5. "Real adjusted personal income" means an amount that is determined by dividing adjusted personal income by the GDP price deflator and multiplying the result by one hundred.

6. "Transfer payments" means that portion of personal income that represents a government expenditure for which no service is rendered or product is delivered, as determined by the United States department of commerce, bureau of economic analysis, or its successor agency.

7. "Trend growth rate" means the average annual growth rate for the most recent seven calendar years, rounded to the nearest one-hundredth of one percent.